2. The materials (agricultural implements and manures) will be delivered at the godowns of the societies at taluk headquarters.

3. A commission of 6¼ per cent will be allowed to the societies by the Department of Agriculture on all sales of implements.

4. Implements will be supplied to the societies by the Department of Agriculture according to demands in the area.

5. The term 'implements' includes cart materials also.

6. The societies will be responsible for the proper accounting and distribution of the stocks and for their safety.

7. The societies will be bound to follow the rules and instructions that may be issued in respect of the sales of the materials by the Director of Agriculture.

8. The stocks are liable to be withdrawn if the society is found to violate any of the rules or instructions issued in respect of sales.

9. The stocks entrusted to the society will be treated as on consignment account.

10. The society will have to pay once a month the proceeds of the sales during the previous month after deducting the commission due to the society on such sales and furnish a statement of accounts.

11. The society shall be bound to allow a commission of not less than 2 per cent to each individual purchaser in respect of all sales of agricultural implements and other materials (excluding manures).

12. In respect of manures, the Department of Agriculture will undertake to supply to the societies from time to time such quantities as may be required in the areas served by the societies, and a commission of one per cent on the sales will be allowed to the societies. The societies will sell the manures to the agriculturists, in accordance with Government Order No. A. F. 544-68—Agri. 290-42-2, dated 30th July 1943, etc., under the Grow More Food Campaign. On these sales also, the societies will be allowed a commission of one per cent.

The Director of Agriculture, who was further consulted in the matter, has agreed to the above proposals.

The Comptroller to Government, who was also consulted, is of opinion that the proposals of the Registrar of Co-operative Societies may be given a trial for a year or two and thereafter, in the light of experience gained, the question of increasing the addition to cost price in fixing the selling rate or reducing the commission to the societies or discount to the raiyats may be considered. According to the present proposals, the societies at taluk headquarters get a commission of 4¼ per cent on their own retail sales, while the rural societies get 2¼ per cent. The Comptroller suggests that even in the case of the former only 2¼ per cent may be allowed on the retail sales made by them to the raiyats and the retail selling rates maintained uniform, so as to prevent undue profit to these societies, thereby discouraging rural retail sales.

As regards transactions with the societies as on the consignment basis, the Comptroller considers that from the accounts point of view, the work in the Central Implement Depot will not be increased if the stocks are entrusted to the societies on a consignment basis. Even at present they should have kept individual accounts for all the Range Depots to exercise supervision over them and on the consignment system also the same number of accounts will be maintained as it is concerned only with the societies at taluk headquarters. Besides, the department is bound to feel greater responsibility under this system to supervise the work of the societies constantly. For these reasons, the consignment system is considered to be more desirable than the present arrangement.

In the circumstances, Government are pleased to accept the proposals for the transfer of the work relating to the sale of agricultural implements, seed, etc., to the raiyats from the agricultural depots to the co-operative societies, as agreed to by the Registrar of Co-operative Societies, on the terms suggested by the Comptroller and to direct that the scheme be tried for a period of one year in the first instance, the position being reviewed at the end of the period. They further direct that as a result of this arrangement the extra staff now given to the depots be reduced and some small subvention be given to the societies to encourage them to take up this work. Proposals in this behalf may be submitted by the Director of Agriculture for the orders of Government.

The Director of Agriculture and the Registrar of Co-operative Societies are requested to take immediate further action in the matter and to forward a report for the information of Government. The Registrar is also requested to see that only such of the societies which are functioning efficiently and in which he has confidence, are entrusted with this work. He will also see that proper accounts are kept by the societies in regard to these transactions. The Registrar is requested to send a list of societies to which he proposes to entrust this work for the information of Government. The Director is further requested to instruct the Assistant Directors to keep a close watch over the transactions, and bring malpractices, if any, in this respect to the notice of Government, through the usual channels.

MOHAMED ISMAIL SHERIFF, *Genl. Secy.*

FINANCIAL SECRETARIAT

Directs that the rates of Dearness and High Price (War) Allowances be increased by 50 per cent in the case of Gazetted Officers drawing a pay not more than Rs. 250 per mensem.

READ—

Government Order No. Fl. C1-64—S. & A., dated the 20th July 1946, sanctioning enhancement of the rates of Dearness and High Price (War) Allowances by 50 per cent in respect of all NON-GAZETTED Staff, with effect from 1st July 1946, until further orders.

ORDER NO. Fl. 5315-5385—S. & A. 88-46-2, DATED BANGALORE, THE 10TH JANUARY 1947.

Government are pleased to direct that the increase by 50 per cent in the rates of dearness and high price (war) allowances be granted in respect of all Gazetted Officers also drawing a pay not more than Rs. 250 per mensem with effect from 1st July 1946, until further orders.

M. SHAMANNA, *Finl. Secy.*

LAW SECRETARIAT

Reviews the Administration Report of the Muzrai Department for the year 1945-46.

READ—

Letter No. Nl. Per. A. 20—46-47, dated the 5th November 1946, from the Muzrai Commissioner in Mysore, forwarding his report on the administration of the Muzrai Department for the year 1945-46.

ORDER NO. R. 6224-36—Muz. 117-46-2, DATED BANGALORE, THE 8TH JANUARY 1947.

Recorded.

2. *Demand, Collection and Balance in respect of Properties pertaining to Institutions under Government Management.*—The total demand including the arrears of previous year (Rs. 1,56,399-1-10) in respect of the properties of institutions under Government management amounted to Rs. 4,48,587-2-5. A sum of Rs. 2,82,258-1-5 was collected and Rs. 5,137-5-8 was remitted during the year leaving a balance of Rs. 1,61,191-11-4 at the close of the year. The heaviest arrears are in the Bangalore District. The arrears pertaining to Shimoga, Tumkur and Hassan Districts continue to be heavy being over Rs. 20,000 in all cases and have in fact increased when compared to the figures for the previous year. The necessity for a substantial reduction of these arrears immediately by taking sustained and vigorous steps should be impressed upon the local Muzrai Officers.

3. *Muzrai Funds.*—The details of receipts and expenditure of the several Muzrai Funds are indicated below :—

Fund	Opening balance	Receipts	Total	Expenditure	Closing balance
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. General Muzrai Fund.	51,783 4 7	35,059 7 4	86,842 11 11	42,810 11 0	43,832 0 11
2. Chattram, Savings Fund.	77,515 1 11	67,015 14 9	1,44,531 0 8	51,669 0 7	92,862 0 1
3. Muzrai Establishment Fund.	65,162 10 2	39,947 1 2	1,05,109 11 4	28,659 1 4	76,450 10 0

4. *Income and expenditure of Muzrai Institutions.*—The total receipts of Muzrai Institutions in the State, including the opening balance of Rs. 22,09,079-0-8, amounted to Rs. 33,87,777-11-6 (30,75,295-0-0) and the total expenditure under the head amounted to Rs. 11,15,130-5-6 (8,66,215-15-4) leaving a closing balance of Rs. 22,72,647-6-0 (22,09,079-0-8).

5. *Puluvat Loans.*—There were 1,229 cases of puluvat loans involving a sum of Rs. 96,459-10-3 at the commencement of the year under report. One case of fresh loan was sanctioned during the year, the amount involved being Rs. 85-8-0. A sum of Rs. 17,770-7-10 in respect of 27 cases was collected during the year, leaving Rs. 78,774-10-5 as balance at the close of the year in respect of 1,203 cases. There were no collections in the districts of Bangalore, Mysore and Mandya, while collections in the districts of Hassan, Tumkur and Shimoga were meagre. Progress in the recovery of these loans has been very slow and not satisfactory. The Deputy Commissioners concerned should evince more interest in the matter of expediting recoveries.

6. *Construction and Repairs of Muzrai Institutions.*—Works involving an expenditure of Rs. 71,963-0-11 in the aggregate were completed during the year. Of the total number of those works, 123 were old and 77 new ones. Five hundred and six incomplete works involving an estimated cost of Rs. 3,72,766-0-2 were pending at the close of the year. The renovation of the famous temples at Belur and Halebid progressed during the year, a sum of Rs. 10,808-6-6 being actually spent for the purpose during the period. The total amount sanctioned up to the 30th June 1946 for these works amounted to Rs. 1,55,758-6-0.

7. *Inspections.*—The Deputy Commissioner, Mysore District, has inspected the largest number of Muzrai Institutions. The work of the Deputy Commissioners of Kadur, Tumkur, Chitaldrug, Mandya and Shimoga in this behalf requiries improvement.

S. KANAKARATNA RAJ, *Law Secy.*

Administration Report of the Department of Income-tax for 1945-46.

READ—

Report on the working of the Department of Income-tax for the year 1945-46 received with letter No. Dt. Dis. 21—13-47, dated 18th November 1946, from the Commissioner of Income-tax in Mysore.

ORDER NO. Fl. 5115-27—I. T. 4-46-2, DATED BANGALORE, THE 7TH JANUARY 1947.

Recorded.

2. *Working of the Act.*—During the year under report, the Income-tax Amendment Act No. XIX of 1945, introducing the "step system" of taxation in place of the "slab system" came into force with effect from the 1st of July 1945. Under this system, progressive rates of tax are applied to successive slabs of income in excess of a basic minimum of Rs. 1,500, with the result that the incidence of tax is more equitably distributed than before, since lower incomes secure substantial relief while the higher incomes, which are capable of bearing a heavier burden, are subjected to higher rates of taxation. Besides, relief in respect of "Earned Income" permitting of a deduction up to one-tenth of the earned income subject to a maximum of Rs. 2,000 has also been provided for. The Excess Profits Tax was also introduced in the State from 1st July 1945.

To cope with the increased work and in connection with the assessment of E. P. T., two additional appointments of Deputy Commissioners of Income-tax were sanctioned temporarily for a period of six months during the year. Orders were also issued sanctioning the organization of a separate Department of Income-tax under a full-time Commissioner of Income-tax, though the scheme could not be given effect to during the year.

3. *Demand, Collection and Balance.*—The net demand under income-tax was Rs. 72,64,024 (Rs. 1,03,80,103), of which a sum of Rs. 47,33,619 (Rs. 90,90,461) was collected. The decrease is mainly due to fall in the income of Gold Mining Companies and Textile Mills. The net demand under super-tax was Rs. 57,92,825 (Rs. 77,70,003), of which a sum of Rs. 40,20,246 was collected. The net demand under Excess Profits Tax was Rs. 25,56,705 and the collection was Rs. 7,24,224.

4. *Incidence of Tax.*—The incidence of tax, per head of population under income-tax calculated on the resultant demand was Rs. 1-0-4 as against Rs. 1-6-10 in the preceding year. Under super-tax, the incidence was Re. 0-11-6 as against Rs. 1-2-3 in the preceding year.

5. *Appeals.*—There were 663 (579) appeals of which, 329 (309) were successful. Out of 58 (42) cases which came up for review, 42 (22) were disposed of.

6. The working of the department continued to be satisfactory.

S. KANAKARATNARAJ, *Law Secy.*

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